DOCUMENT RESUME

ED 322 349 CE 055 465

TITLE The Large Matter of Small Business.
INSTITUTION Business Council for Effective Literacy, New York, NY.
PUB DATE Jul 90
NOTE 6p.
PUB TYPE Journal Articles (080) -- Reports - General (140)
JOURNAL CIT BCEL Newsletter for the Business & Literacy Communities; n24 p1,5-8 Jul 1990

EDRS PRICE MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS Adult Basic Education; Adult Literacy; *Corporate Education; Cost Effectiveness; *Education Work Relationship; Employment Qualifications; Entry Workers; Functional Literacy; Individual Characteristics; *Labor Force Development; *Literacy Education; *Organizational Effectiveness; Organization Size (Groups); Productivity; *Small Businesses; Socialization; Work Attitudes
IDENTIFIERS *Workplace Literacy

ABSTRACT

There are more than 4 million small businesses across the country that provide more than half of private sector employment, generate 47 percent of the gross national product, and generate two out of every three new jobs in the United States. Because small businesses provide the majority of new workers with their first work experience, they are at the front line in teaching work socialization. Only 19 percent of firms with fewer than 100 employees provide some basic skills instruction to their employees. Education that is provided to small business employees tends to be more informal and unstructured than in large companies. Formal training in small businesses generally occurs off-site. The greatest barrier to any kind of small business education is the problem of costs. With demographic changes, the choices for small business are to cut profits, to cut wages in exchange for benefits, or to increase productivity and let that pay for the higher cost of doing business. But to increase productivity, a more highly skilled work force will be required. An example of a consortium for providing training to employees of small businesses is the Finger Lakes Regional Education Center for Economic Development in New York. A basic skills program is being offered by Hampden Paper in Holyoke, Massachusetts, to its 185 employees. Problems faced by workplace literacy programs include the need for functional context and the lack of information about what kinds of skills are needed for specific entry-level jobs. (CML)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

BCEL BUSINESS COUNCIL FOR EFFECTIVE LITERACY

ADULT LITERACY: PROGRAMS · PLANNING · ISSUES Newsletter For The Business & Literacy Communities

NO. 24 JULY 1990

ED322349

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☐ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

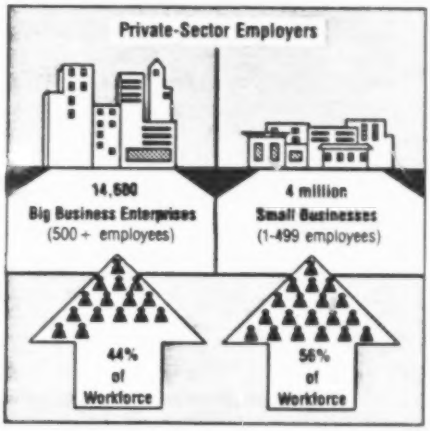
"PERMISSION TO REPRODUCE THIS MATERIAL IN MICROFICHE ONLY HAS BEEN GRANTED BY

L Spangenberg

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

CE055465

THE LARGE MATTER OF SMALL BUSINESS



That U.S. growth and world markets have become tightly interwoven and the American economy increasingly internationalized is by now clear to everyone. What may not yet be fully appreciated is the extent to which new patterns of work organization need to be adopted in companies of all size and types throughout the country. To be sure, a number of companies are already moving in this direction, but according to *America's Choice: Higher Skills Or Lower Wages?* – the powerful new report just released by the Commission on the Skills of the American Workforce (see News In Brief, p. 5) – the nation has only scratched the surface and there will need to be a radical restructuring of work throughout the economy, as a national priority, if the U.S. is to increase productivity and the American standard of living protected.

Along with this national imperative, indeed hand-in-hand with it, every major report of the last two years makes it abundantly clear that developing a higher skilled workforce, literally across the board, must be an equal priority. As Secretary of Labor Elizabeth Dole recently put it: "The basic skills of our workforce are eroding at an alarming rate. Many of our workers are unready for the new jobs and the new realities of the 1990s. We face nothing less than a workforce crsis."

The best forecasts are that by the end of the decade, for the first time in history, a majority of new jobs will require some postsecondary education. There will be fewer jobs for people in low skills categories (27% of new jobs compared to 40% today). Jobs that require a middle level of skills today will be the least skilled occupations of the future.

But demographic shifts are moving us in an opposite direction. As recent studies have shown, between 1986 and the year 2000 the rate of population growth will decline to nearly its lowest level in the 20th Century. The working age population will grow older and the pool of young workers will shrink. It will also be a more disparate pool: 28% of labor force growth will be Hispanic; over 17% black, over 11% Asian-American; and women will make up 60% of the potential growth. In short, non-whites, immigrants, and women will together constitute 80% of the new entrants into the workforce, though they comprise only about half of it today – and these population groups tend to be the most disadvantaged and the least skilled!

Moreover, three out of four adults who will be employed well into the next century are already at work. Of these, 23 million workers presently read at an 8th grade level or less; 11-14 million at 4th grade or less.

The growing mismatch between rising educational requirements and the nature of the present and developing workforce falls hard on all businesses. But it falls hardest on the nation's small businesses which have fewer resources and fewer options than their larger counterparts.

Ironically, the lion's share of national attention – in the form of research, federal and state legislation, and public funding for workplace literacy – is focused on big business. Yet, the dominant form of business in the U.S. is small. According to the U.S. Small Business Administration [*Workplace Literacy: Targeting the Future*, 1988], small firms represent over 99% of all firms in the U.S.! They are, then, at the very heart of the American economy and our ability to increase overall productivity, remain globally competitive, and protect our standard of living. What affects them affects us all.

Small Businesses: A Thumbnail Sketch

Item. Small businesses, as defined by the Small Business Administration (SBA), are those with fewer than 500 employees. *There are more than 4,000,000 small businesses across the country*, as contrasted to only 14,600 business "enterprises" having more than 500 workers.

Item. *Small businesses account for more than half of private sector employment (56%) and generate 47% of the gross national product.*

Item. *Most small businesses are VERY small.* About 2 million of them employ from one to four persons. Another 1.3 million employ between 5 and 20 persons. Those with 100-499 employees, usually refered to as "medium-sized" businesses by SBA, number fewer than 100,000.

(Cont'd on p. 5)

BEST COPY AVAILABLE

SMALL BUSINESSES

(Cont'd from p. 1)

Item. *Small businesses generate two out of every three new jobs in America* – for which they have been dubbed "the job machine." They are labor intensive, in contrast to big companies where capital is substituted for labor. About 10.5 million new jobs were created in American business between 1980 and 1986; almost two-thirds of it came from small businesses. More than a third came from businesses with fewer than 20 workers.

Item. *Small businesses have shorter tenure on the job and a higher turnover rate than large ones*. For example, a 1984-85 study for the SBA by Berkeley Planning Associates showed that 27% of workers in small firms left their jobs that year, compared with 15% of workers in larger firms. In part, this is related to the kinds of workers they tend to hire: low-skilled entry level workers, teenagers, women re-entering the job market, older persons, and part-timers – in short, those with a weaker or temporary attachment to the labor market.

Item. *Small businesses pay lower wages than large ones*, partly because they are heavily concentrated in the service sector. This contributes to the greater movement in and out of jobs. For example, according to a 1988 report by SBA [*Small Business in the American Economy*], the hourly small business wage in 1984 was less than $5 for 56% of firms having 100 or fewer employees, and between $5-10 for 34% of such firms.

High Turnover: A Special Issue

The Commission on the Skills of the American Workforce reports that one-third of all American workers today – some 35 million people – are part-time, temporary, or under short-term contract, making up a huge "contingency" workforce. Because this body of workers is not seen as promotable or permanent, employers have no reason to invest in their training and upgrading. This turnover is costly in both productivity and quality of work. While employers enjoy the advantage of paying lower wages and having a workforce they can shrink or expand to fit their fluctuating labor force needs, they pay a price: the loss of productive workers to competitors ... the burden of greater paperwork associated with payrolls and regulatory requirements... loss of employee loyalty... the diversion of management away from production activities to recruitment and hiring... and the like. *In a smaller firm, a single vacancy is generally more disruptive than in a large one, even if it can be filled quickly and with minimal training*.

The Impact Of Computers

Some 70% of American firms having more than 10 employees are already using computers. Their use implies the ability to read and to process the information generated. It is worthy of note that while manufacturing firms lost employment from 1980-86, the losses were concentrated in very large companies, particularly in auto and steel production. Manufacturing firms with fewer than 100 employees actually added 800,000 employees during this period. This came about through the use of computerized machine control technology which made it feasible to turn out goods in shorter production runs, and through an increase in "contracting out" to big firms for production of subcomponents and sub-assemblies. Small businesses, again like their larger counterparts, will be even more computerized in the coming years, with the greatest growth in very small firms, further increasing the pressure for skills upgrading and other educational services.

Direct Barriers To Skills Upgrading

There is little more than anecdotal information about the extent of employer-based basic skills programs in American business and industry. But recent research strongly indicates tht only a miniscule percentage of company training expenditures currently go into basic skills programs. According to the American Society for Training and Development (ASTD), the nation's employers spend about $30 billion per year in direct costs for formal training courses that they either provide themselves or buy from outside providers – excluding wages paid while employees are participating in the training. This represents, on average, 1-2% of payroll. Additionally, about $180 billion is spent on informal training. In an article published in the February/March 1990 issue of the *AACJC Journal*, Anthony Carnevale, chief economist at ASTD, estimated that "companies are spending only about $250 million of the $30 billion formal training pie on reading, writing, math, and other basic skills."

Moreover, not only does "training" not usually mean basic skills, but it rarely extends to entry-level workers. Only about 13% of American workers get formal on-the-job training, and mostly they are the more highly educated personnel: managers, supervisors, professionals, and upper level technical workers.

If little is known about workplace skills programs and expenditures in bigger companies, even less is known about small businesses and how they fit into the overall scenario. "No statistics are published by the federal government on training,' says the SBA. And "data on training by firm size are even more difficult to obtain."

Here is some of what is known, however, largely from the work of SBA, ASTD, and, more recently, The 70001 Training & Employment Institute. *(Note: In a project for the U.S. Department of Labor, the Institute is working to develop models of structured workplace learning for small businesses. The Institute has examined the training practices of several thousand firms with under 100 employees, averaging 20 employees per firm, in industries projected to be among the fastest growing. In a recent and as-yet-unpublished report to DOL, the Institute re-confirmed or provided anew many of the facts that follow.)*

(Cont'd on p. 6)

"Journey Into Reading," a full-color poster put out by the Canadian Library Association in conjunction with International Literacy Year, is available for $12 from CLA, 200 E. Elgin Street, Ste 602, Ottawa, K2P 1L5.

SMALL BUSINESSES

(Cont'd from p. 5)

• Because small businesses provide the majority of new workers with their first work experience, they are at the frontline of teaching work socialization: punctuality, perseverance, how to get along with fellow employees, communicate with the supervisor, accept responsibilities, and the like. Thus, they contribute significantly to the general productivity of the workforce.

• The nature of the work environment in small firms forces them to demand more from their employees than larger firms do. "In a small business," says the Institute, "every person is critical. Each person is very much on his/her own, making hourly decisions ... Small firm employees pitch in when and where they are needed, which requires them to understand and function in a wider range of skill areas. Job descriptions are less defined than those in larger firms."

• While it might be expected that small firms would compensate for the low skills of their marginal workforce with job-related basic skills programs, in fact, according to the Society for Human Resource Management, "almost half of employers with 500+ employees provide some basic skills instruction, while only 19% of firms with fewer than 100 employees, and 18% of firms with 100 to 499 employees, do so."

• Of the companies surveyed by the Institute which do not provide basic skills services, nearly half said that they do not hire persons with basic skill deficiencies so have no need to do so. More than a third of the companies surveyed said their employees have no need for such services. Among the smaller companies, nearly one-fifth identified a lack of expertise in assessing and meeting remedial needs, and 15% said workplace literacy programs are not their responsibility.

• Education that is provided to small business employees is mostly general job training, and not addressed to job-specific basic skills needs. It tends to be more informal and unstructured than in large companies – following the boss or supervisor around to get oriented to the job, for example, or watching co-workers, generally trial and error. This is largely because each and every employee is needed on the job. Time away from the shop floor or desk substantially disrupts operations. In larger firms, when an employee is absent or off-site to attend classes there are others on hand to make up for it.

• To the extent that formal training does occur in small businesses, it generally occurs off-site. Lacking internal resources, small firms have no choice but to turn to outside sources for their training needs. ASTD indicates that large companies buy almost 40% of their formal training from outside providers, mid-size employers buy an even larger share outside, and small employers go outside for nearly everything. [Note: The problem here is that most outside provider groups are not themselves trained in assessing workplace needs and designing workplace programs.]

• The greatest barrier to any kind of small business education is the problem of costs. Over half of the firms reporting to the Institute say outright that they can't afford the educational services they would like to provide. Indeed, it is the "perception" of the vast majority that such programs are simply too expensive an investment for their small-scale operations.

• Most analysts think that for small businesses to meet their employees' educational needs, they will need to link with local or state consortia or even to turn to bigger businesses for help. Yet, small firms have a natural fear of losing their trained workers through such arrangements. They tend to see "up" as "out," and the huge turnover problem is already a major disincentive. Nearly half of all small employers view their turnover as too high to justify the cost.

• It is perhaps encouraging that a majority of the firms surveyed by the Institute said they would increase their "training" activity over the next 3-5 years – reflecting presumably a growing concern about workforce quality. But the smaller companies indicate that they will not make an investment on which they will not receive significant and immediate return. Moreover, small firms, unlike big ones, tend not to have human resource directors, in-house divisions, or consultants to manage and develop training. The boss or the boss's spouse or the secretary, each consumed with many other duties, must often deal with these and other matters. Put another way, the resources are simply not there to address the multiple factors that must be taken into account if skills problems are to be met.

The implications are clear. And they are disconcerting. While there may well be a dawning consciousness among small businesses about workforce skills upgrading needs, most small employers do not yet grasp just how serious the problems are that face them just around the corner. In the main, it hasn't hit home that with the looming labor shortage and the graying of the workforce, they will be less and less able to turn to the traditional pool of entry-level workers. "Demographics are going to force the issue," says SBA economist Thomas Grey. The bottom line is that "if small businesses don't increase productivity, they won't survive." They will have no choice but to compete with big business and pay higher wages.

This, in fact, is already happening. The National Federation of Independent Businesses reports that the number of small firms paying higher compensation rates has risen steadily over the past two years, an increase that correlates with local labor shortages. Moreover, the older workers who will have to be hired in the years to come will want and need health and pension plans, which are offered only infrequently by small businesses now. All of this will increase costs. The choice that confronts small business is either to cut profits, to cut wages in exchange for benefits, or to increase productivity and let that pay for the higher cost of doing business. But to increase productivity, a more highly skilled workforce will definitely be required. So we have come full circle.

To compound things, while many small employers are beginning to see that job-specific skills training will be necessary to prepare workers for handling sophisticated equipment and processes, neither they, nor large employers for that matter, adequately recognize that persons who function at severely low levels of English speaking, reading, writing, and math won't automatically be able to succeed in a skills upgrading program. They may first need help with more basic "social coping skills." Where new immigrant groups are concerned, for example, ESL experts consider the development of speaking and listening skills, and often psychological counseling and workplace acculturation, to be prerequisites for learning to read and write.

Given the complex scenario outlined above, and the immense pressures on small businesses, the challenge to them and the nation is daunting. How can attitudinal problems be overcome? What kind of programs should be designed, and how? How will it all be paid for? Who should be responsible for what? What are the public policy implications? How can the logistical problems be addressed? The sheer number of small businesses and the isolated circumstances in which many of them operate make it impractical to deal with certain of their problems individually: wholesale strategies that address common problems seem to be needed. These and numerous other questions loom large and there are no easy answers.

Two Prototypes To Consider

Rochester, New York. In some places, the driving force bringing small employers into basic skills programs is concern with the quality of their products. Rochester, a heavy manufacturing region, is an excellent example. Many of the small companies in the area are part of vast supplier networks to major corporations such as Xerox, Eastman Kodak, and others. The AC Rochester Products Division of General Motors, for example, the division responsible for fuel injectors and catalytic converters, has 2,446 suppliers in that region alone. Eastman Kodak has over 400 minority and women-owned suppliers. These giant corporations set quality standards for their own products and impose them on their suppliers as well. They often set a time by which a supplier must reach a set standard of statistical process control, a system for monitoring product quality, and warn that the relationship is in jeopardy if the goals are not met.

The small businesses in turn buy automated equipment to meet these goals. In addition, many of the suppliers, which may range from 10 to 200 employees, are adopting "cellular manufacturing" or "high performance work teams" like those long used in Japan. These are groups of flexible workers able to produce a variety of products, with each team member knowing the jobs of all the other members of the cell. Each cell may consist of perhaps 8-16 workers.

To operate the new equipment, workers need greater basic skills proficiency. Working together in the cells requires higher communication skills. For statistical process control, which is a subset of mathematics, they need better math skills.

The agency that serves them is the Finger Lakes Regional Education Center for Economic Development, one of 10 New York economic development regions operated by the state education department. The Center is a consortium of education providers. It includes the Rochester city school district, the vocational technical high schools, and the two- and four-year colleges, all of which draw in the small businesses through the supplier network and the unions, the latter playing a vital role.

The Center has developed generic curricula for the basic skills needed in the workplace, as well as a curriculum in statistical process control, in decision-making, problem-solving, and basic computer literacy. These were designed into mastery learning modules, with the modular units planned so that appropriate instruction can be plugged in and delivered anywhere as needed: on site, in a learning center, the union hall, or wherever appropriate. Because Rochester is a wide-spread region, the providers are assigned to specific geographical areas. But because of the pre-packaged modular curriculum, employees in the smallest tool company with 50 or so employees in the outermost corners of the state receive the same advantages of training as the large in-house programs in Rochester such as Eastman Kodak, say, with its 46,000 employees.

By all reports the system works. Union members know that to stabilize their jobs they must upgrade skills. They also know that the programs put them on a path to upgrading they otherwise would not have, and it provides for portability of skills. The training does not deal with the literacy needed to work on any particular machine, which may be changed next month, but on how to work in a manufacturing environment. The upgrading also helps to create a level playing field for all the companies and thus to stabilize the problem of turnover. For these reasons,the unions and the workers themselves are viewed as indispensable participants in the program planning.

A testament to the success of the program are the remarks of Bud Holler, vice president of the UAW Local 1097, speaking for both AC Rochester and the union: "During the three years we've conducted workplace literacy programs at AC, we've lowered the cost of the product by 47%. In some areas of the plant we've been able to increase quality by over 800%, and they say most of that is due directly to the training. As a result AC Rochester has developed a capacity to attract contracts with foreign companies including Japan, Germany, Korea, and a major contract with the Soviet Union for selling catalytic converters and fuel injectors. That would not be possible without the quality poduct of the supplier chain."

Holyoke, Massachusetts. Hampden Papers, based in Holyoke, employs 185 people. The firm buys paper, paper boards, chemicals, metallic coil and plastic film, and converts them into paper products. None of these products are sold retail; they are supplied to other manufacturers who in turn use them as components in their own products. Hampden serves more than 50 different markets comprised of manufacturers who produce boxes, bags, luggage, game boards, book covers, match boxes, and an array of similar goods.

Mondays to Fridays, from noon to 5:00, twelve workers who are currently enrolled in a company learning program attend classes on the premises. Most attend on their own time, but three are released from their jobs for three hours a week. Those who go to class on their own time, whether before or after their shift, are paid their regular hourly wage by Hampden. The classes are geared to improving the basic education of the workers, but the study materials deal with the tasks they perform on their jobs. The work-oriented basic skills curriculum is flexible. It includes, as needed, English as a second language, adult basic education, and prepaation for the GED. Classes are taught by an instructor from the International Language Institute of Massachusetts, a private, nonprofit school. They are paid for jointly by the Massachusetts State Workplace Education Initiative and the company, with the latter now matching 100 percent of the state's funds with cash and in-kind contributions.

The program is about to enter its third year, with a total of 20 workers having participated so far. The results range from improved confidence to job promotions to three participants who are ready for or have passed the GED. There is on-going oversight by an advisory board comprised of representatives from the company, the union, the school, the area Private Industry Council, and the local Chamber of Commerce.

How did a small paper manufacturing plant in a small New England town find itself in the business of teaching basic skills?

"We're an old company, we've been here for 110 years," says Robert Fowler, president of Hampden Papers. "But now we're on a collision course between two conflicting trends. One is that in our shop the requirements for reading, writing, and handling basic arithmetic are increasing. There used to be a time when we had people working here who were functionally illiterate. We had plenty of jobs for them. But today we don't have jobs like that, not a single one. Our business has become much more sophisticated. We used to use a machine, for instance, that produced 1500 lineal feet of paper a day. At that rate, we could say to the operator, 'Push the green button in the morning, the red button in the afternoon, and call us if you need help.' But while we've been replacing the old machines with the new ones that produce more, the level of workers coming for jobs has declined dramatically. These machines are very complex, they've got control panels that look like NASA. They produce enormously more per man hour, but they also require a great deal more from the machine operator per man hour. At one time, if the man did it wrong the penalty was that he spoiled two reams of paper. Now if he does it wrong he spoils enough paper to stretch the entire length of Massachusetts."

"We always assumed that basic literacy was society's job," says Mr. Fowler, "but given what we're faced with now, management has a clear choice. We can do nothing or do something and I don't think we can afford to do nothing."

Laying Foundations: A Nucleus To Build On

In addition to the pathbreaking models detailed above, there are other promising pockets of activity around the country that should help light the way. Much of it has been generated by new federal funding for workplace literacy demonstrations over the last two years, some of it going to support projects by or for small businesses. Also at the federal level, major new literacy legislation pending in Congress includes further provision for strategic projects in workplace literacy. Although it does not focus specifically on the special needs of small business – in fact no new legislation has this focus! – it is likely to be used in part for that if enacted.

On the policy development front, several national studies in process should help out. One such study is that being carried out for the Small Business Administration by Berkeley Planning Associates, a California-based group experienced in labor market research for federal and state government. Berkeley is presently studying some 25 workplace programs focused on small businesses, and by the end of this year or early next year hopes to put out a report containing "how-to" information for small businesses and education provider groups.

Another study being carried out for Congress by the Office of Technology Assessment gives considerable attention to small businesses, and its final report will eventually be available publicly, possibly late this year. The work of The 70001 Institute for the Department of Labor is a further example and it will go well beyond research into actually developing prototype models. And the Southport Institute for Policy Analysis, which produced the *JUMP START* report, is planning to undertake an 18-month study of how and why companies invest in workforce basic skills as a basis for developing public and private policy options to encourage companies to invest substantially more. The project, to be carried out in partnership with the National Federation of Independent Business Foundation, is to include case studies of corporate decision-making in some 60 small to medium-sized firms in several states.

Of equal value in this vein are projects, one new and one nearing completion, addressed to the following two substantive problems:

The importance of designing workplace programs and assessing learning in terms of "functional

(Cont'd on p.8)

SMALL BUSINESSES

(Cont'd from p. 7)

context" is well established by research. Traditional academic and school-based approaches are generally not suitable. But functional context education is a new concept for most literacy and education professionals, indeed for businesses large and small, and few of them have the know-how to apply it. To help overcome this obstacle, the National Alliance of Business (NAB) is presently organizing a national advisory panel for a long-term effort to devise a national strategy to help large and small companies conduct functional context literacy programs as part of their job performance improvement efforts. A chief thrust of the effort will be to develop curriculum that can be used eventually to teach large numbers of adult and vocational education personnel and community college people how to develop functional context skills programs and train trainers for small businesses. Simon & Schuster Workplace Resources will publish the guides and curriculum produced in the project. In a sense NAB will itself be learning as the project moves along, for as Brenda Bell, a senior program official there, puts it: "The tools, language, and processes needed on the job are not yet adequately studied."

Another problem we face in developing programs for all of business and industry is that we don't know with enough precision just what kinds of skills are needed for specific entry-level jobs. The Educational Testing Service is two years into a three-year project to address this matter. It is examining occupational clusters around the country in industries projected by *Workforce 2000* to be the fastest growing. Judith Norbeck of ETS indicates that the point of the study is to learn exactly what skills workers in such industries will need to perform their jobs. The study is covering a range of job functions in five specific entry-level jobs that are common to several kinds of work environments – such as banking, insurance, manufacturing, health care, and government work. Its overall purpose is to lay the base for subsequent development of suitable testing instruments and instructional programs in both small and large work settings.

Two national associations have also embarked on projects that should benefit small businesses and help advance national thinking about them. After a year-long development period, the National Association of Printers and Lithographers is about to release an industry-wide basic skills curriculum for its membership of largely small businesses (see Corporate Literacy Action, p. 14). In the banking industry, many members of the American Bankers Association are small businesses and should benefit from the industry-wide basic skills program already being marketed by Simon & Schuster Workplace Resources (see Tools Of The Trade, item 27, p. 12). The design experts behind these efforts are Cox Educational Services based in Dallas and Performance Plus Literacy Consultants of Springfield, Virginia, and both are engaged in designing programs for other small businesses as well. Moreover, the banking and graphic arts efforts are examples of wholesale approaches and are significant as such. They are also significant because they are based on national surveys of need and built around functional tasks that at-risk workers actually encounter on their jobs.

At the state level – in Massachusetts, New York, Illinois, the Carolinas, Alabama, Virginia, Mississippi, and elsewhere – a variety of initiatives are also under development, usually with the strong involvement of governors' offices, and often under the leadership of unions.

In Alabama, for instance, large and small businesses are networking with each other, with support from state agencies. The state's Small Business Development Office learned that several factory representatives were looking for small manufacturers to supply products to their large industry customers. Interested in helping small minority businesses, they linked the two, with basic skills training coordinated by the state office and delivered through the community college system.

The Massachusetts Workplace Literacy Initiative, which is part of a comprehensive statewide literacy plan, is developing special curricula around the statistical process control systems being adopted by many manufacturers in the state. About half of the companies participating in the effort are small businesses. In a separate effort, the Continuing Education Institute in the Boston region, using federal workplace funds, has recently developed curricula to meet the specific needs of several small nursing facilities in the area. The program may well have relevance to the nursing home industry in general.

In New York, the State Education Department is entering into contracts with local unions, or unions in consortium with education agencies, to conduct workplace programs, a number of which involve small businesses.

* * *

It bears repeating that the problems faced by Hampden Papers in Holyoke and by the Rochester community are but mini-versions of the conflicting trends that pose a threat not only to small businesses but to the well-being of the nation. In this regard, all of the activities just touched on are important for they represent a nucleus on which to build. But they are also very new and represent only a modest beginning given the scale and complexity of the problem. The fact is that very little is yet known about what they add up to or how the collective experience can be used to map an overall national course.

It won't be easy for small businesses or the nation to meet the challenge. There are huge logistical problems to be sorted out, major substantive issues to be tackled, attitudinal and awareness obstacles to be overcome, profound research and policy gaps to be filled, and a myriad of other barriers to break down and move past. Moreover, we still have large unanswered questions about adult learning itself – this is not just a small business issue – and about the new rules of a global economy which seem to change almost daily.

Some Final Issues

Spreading The Word. To overcome lack of small business awareness and involvement, aggressive and innovative "marketing" may well be needed. State economic development offices, chambers of commerce, private industry councils, and, most importantly, national trade associations must, as most analysts see it, play a central role in such an effort. With a few notable exceptions, most of these entities are presently doing very little. There are more than 6,000 national trade and professional associations in the U.S. with state and local chapters numbering in the tens of thousands. The SBA itself has over 600 small business development centers around the country to provide technical and counseling help to small businesses, most of them housed in academic institutions. But by their nature organizations such as these tend to lag in awareness themselves. Similarly, colleges, and especially community colleges, have been slow to understand and move into this arena, and in terms of potential they are thought by many to be the single most important component of the provider system because of their community orientation and/or intellectual base.

State Policy. While there is no substitute for federal policy leadership, the primary burden for setting clear and useful policy goals rests with the states. To date only a handful of states have undertaken comprehensive long-range literacy planning in the larger context of human resource and economic development. Mechanisms need to be developed, for example, to bring employers together and aggregate demands for different kinds of training. Particular industries or sectors of the economy need to be targeted in terms of their particular employment and competitive needs. And careful attention needs to be given to the use of discretionary funding so that it isn't always public providers or trade associations or industry groups receiving the support, but the group or combination of groups that can best deal with the problem, however the problem is identified.

Federal Policy. A number of persons interviewed for this article pointed to lack of a national employment policy as a major obstacle to moving forward in a clear, systematic way. The nation has not decided on a direction, they say, doesn't have a set of clear goals, no real system in place to retrain and upgrade, especially in the workplace, and, no policy relating specifically to small businesses. We do have a policy and system for moving unemployed people into jobs (through JTPA and the JOBS program, for example), but none yet for the under-employed functionally illiterate adult. Fortunately, Congress and the Department of Labor are more and more aware of this problem, spurred on by the increasingly global nature of economic competition.

The Financial Environment. No one any longer doubts that it will take a major long-term investment to address the nation's workplace and workforce problems. And it is increasingly clear that the size and nature of that investment will require the active involvement of business as well as government. Yet, while there is a trend toward employer-based skills training, it is still common among most businesses to treat worker skills upgrading as a public responsibility. Moreover, the nation's businesses are accustomed to investing for the short-term, to turn a quarterly profit, rather than investing for the longer-term future, and this mind-set works against their support for workplace literacy on a scale commensurate with the need. This is a serious problem for the nation and one in need of strong government attention.

The Need For Information. Finally, the main frustration in preparing this article, a frustration voiced by nearly everyone BCEL consulted, is that there is insufficient data collection on small businesses at the national level. Not only is much of the data thin – and virtually silent on the question of small business worker education below high-school proficiency level – but it is often conflicting, making comparisons difficult. There is a serious need for more information on the characteristics of workers in small firms as contrasted to large. Data are gathered at the present time by a patchwork of government agencies, often on an ad hoc basis. ■